



## NOTICE OF AUCTION

For the April, 2004

## OIL AND GAS LEASE AUCTION

This is to certify that certain state lands, totaling approximately 324,000 acres, all situated in the State of Washington and posted on the Washington State Department of Natural Resources (DNR) website, [www.dnr.wa.gov/htdocs/sales\\_leasing/leasing/oilandgas/index.html](http://www.dnr.wa.gov/htdocs/sales_leasing/leasing/oilandgas/index.html) will be offered for lease at auction by the Department of Natural Resources under the provisions of Chapter 79.14 RCW "Mineral, Coal, and Oil & Gas Leases," and Chapter 332-12 WAC "Oil & Gas Leasing Rules and Regulations."

### Auction Location

Oral bidding will begin at 9:00 A.M., **Tuesday April 27, 2004** in Meeting Room 2 of the **King Oscar Motel**, 8200 Quinault Way N.E., Lacey, WA 98516. This is located about five miles north of Olympia at Interstate 5, off Exit 111 (Marvin Road), immediately south of the I-5. The auction schedule may extend into April 28, 2004 at the same location.

### Bid Terms

- Oil and gas leases offered at auction will be awarded to the person offering the greatest one-time bonus bid by either oral or sealed bid. All bonus bids are made on a per-acre basis, and are in addition to the first year rental of \$1.25 per acre. The required minimum bid will be \$2.00 per-acre and minimum bonus-bid raise will be \$1. If a bonus bid above the minimum bid is not offered, a lease may be awarded to the applicant for the minimum bid. A \$1.00 per acre surcharge will be assessed to the successful bidder to cover the cost of lease processing and SEPA environmental review. A bid deposit of \$150 will be required of all bidders.
- Before the close of the auction day, the successful bidder must submit payment equal to 1/5 (one-fifth) of the bonus bid(s) by money order, company or cashiers check, payable in U. S. funds. Within thirty (30) days after the date of mailing of the lease for signature, the successful bidder must sign and return the lease(s) together with the remainder of the bonus bid(s) and the first year's rental of one dollar twenty five cents (\$1.25) per acre, (less the \$150 bid deposit.)
- All bid deposits and bonus bids are forfeited if the successful bidder fails to execute the lease, or if the applicant fails to execute the lease in the case of no competitive bids. Bonus bids and bid deposits will be refunded to unsuccessful bidders.
- Leases offered in this auction will have an initial term of ten (10) years.
- Leases offered will not permit any surface occupancy (if lease conditions allow occupancy) until such time as all future SEPA processes and environmental review phases have been completed. The lease term will commence when the state notifies the lessee of this completion and gives the lessee the lease term commencement date. Sample oil and gas lease is available from the Product Sales and Leasing

Division, PO Box 47016, Olympia WA 98504-7016 or can be viewed on the DNR Oil and Gas Leasing website noted above. Parcels offered are subject to existing surface rights such as roads, utility easements and other leases for various activities. Parcels with restricted surface entry are indicated in this notice. The state may not have legal access to all parcels offered, and the lessee may be responsible for obtaining access to the property before entry. Access and right-of-way information will be included as a part of each lease document.

- The Commissioner of Public Lands reserves the right to withhold any tract or tracts and to reject any or all bids.

## How to Submit Sealed Bids

- The department will accept and hold sealed bids. At the time of auction, sealed bids will be considered as the opening bid on the parcel. The bid must include the name, mailing address, contact person for the applicant, application number of lease, and a money order, cashier's or certified check, payable in U.S. funds for one-fifth (1/5) of the total one-time bonus-bid (including if bid is at the minimum) together with a bid deposit of \$150 if the bidder is not the applicant.
- Sealed bids will be accepted only from 8:00 A.M., Wednesday, April 20, 2004, to 4:30 P.M., Monday, April 26, 2004. Sealed bids received after 4:30 P.M., Monday, April 26, 2004 will be not be included in the auction.

### Sealed bid envelopes must be marked as follows:

SEALED BID  
Oil and Gas Lease Auction  
April 27, 2004  
App. Number 63-0XXXXX

Mail to:  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF FINANCIAL SERVICES  
ATTENTION: CASHIER  
PO BOX 47041  
OLYMPIA, WA 98504-7041

### Tie Sealed Bids

- A tie of sealed bids will be resolved by the drawing of lots.

## More Information

- Listing of nominated lease parcels, parcel conditions, map, sample lease and other information are posted on the DNR website: [www.dnr.wa.gov/htdocs/sales\\_leasing/leasing/oilandgas/index.html](http://www.dnr.wa.gov/htdocs/sales_leasing/leasing/oilandgas/index.html).
- For more information about the auction, or if a hard copy of the nominated lease parcel list is desired, please contact:  
Washington State Department of Natural Resources  
Product Sales and Leasing Division  
PO Box 47016  
Olympia, WA 98504-7016  
Contact: Bob Suda  
(360) 902-1642 Fax (360) 902-1789  
e-mail: [bob.suda@wadnr.gov](mailto:bob.suda@wadnr.gov)
- For available Washington state geological and geophysical data, please contact the Department's Division of Geology and Earth Resources at (360) 902-1450.
- Signing interpretation for the hearing-impaired and translation assistance for non-English speaking attendees is available. Contact Thomas Hoffer of DNR's Human Resources Division, (360) 902-1247, if these services are needed.